



Press Release

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Savings Banks' Earnings, First Half 2019

The aggregate assets of 79 savings banks came to KRW70.8 trillion in total at the end of June 2019, up KRW1.3 trillion or 1.8% from KRW69.5 trillion at the end of 2018. The uptick was mainly because loans increased from KRW59.2 trillion to KRW60.9 trillion during the period. Shareholders' equity also expanded by KRW489.5 billion or 6.3% to KRW8.3 trillion. Compared to six months earlier, retained gains have risen by KRW440.3 billion and secondary offerings increased KRW45.2 billion, which contributed to the growth in shareholders' equity.

Table 1. Savings Banks' Financial Status, June 2019*

	Jun 2018	Dec 2018	(In billions of KRW) Jun 2019
Assets	63,894.6	69,515.8	70,797.9
Liabilities	56,680.3	61,729.6	62,522.2
Shareholders' equity	7,214.4	7,786.2	8,275.7

*The figures on June 2019 are preliminary as of the release date and subject to change.

As of end-June 2019, the delinquency rate of the savings banks was 4.1%, down 0.2%p from the end of 2018. Loans to companies remained the same as six months ago, but loans to households declined from 4.6% to 4.0%. Meanwhile, the rate of bank loans classified as substandard or below (SBLs) stood at 5.0%, down 0.1%p from 5.1% as of year-end 2018. During the same period, the NPL coverage ratio was seen at 111.4%, down 3.8%p from 115.2% six months earlier.

Table 2. Delinquency Rate by Loan Type, June 2019*

	Jun 2018	Dec 2018	(In percentage) Jun 2019
Business loans	4.4	4.2	4.2
Self-employed	4.8	4.0	4.4
Household loans	4.8	4.6	4.0
Mortgage loans	2.2	1.8	2.3
Unsecured loans	6.8	6.3	4.8
Total	4.5	4.3	4.1

*The figures on June 2019 are preliminary as of the release date and subject to change.

Table 3. SBLs and Coverage Ratios, June 2019*

	Jun 2018	Dec 2018	(In percentage) Jun 2019
SBL ratio	5.1	5.1	5.0
NPL Coverage ratio	111.6	115.2	111.4

*The figures on June 2019 are preliminary as of the release date and subject to change.



The savings banks reported preliminary net income of KRW596.6 billion for the January-to-June period of 2019, up KRW35.5 billion or 6.3% from the same period a year earlier. Interest income expanded KRW119.9 billion during the period, which drove operating income to gain KRW47.9 billion more than a year ago. In addition, selling and administrative expenses were up KRW66.1 billion as well.

Table 8. Net Income, First Half 2019*

	(In billions of KRW)		
	2018 Jan-Dec	2018 Jan-Jun	2019 Jan-Jun
Operating income	1,319.8	665.4	713.3
Interest income	4,180.9	2,041.8	2,161.7
Non-interest income	-380.5	-92.3	-114.0
Selling and administrative expenses	1,234.4	600.1	666.2
Provision for loan losses	1,246.2	684.0	668.2
Non-operating income	-211.0	-104.3	-116.7
Net income	1,108.7	561.1	596.6

*The figures on H1 2019 are preliminary as of the release date and subject to change.

The BIS capital ratio for the savings banks as of end-June 2019 stood at 14.89%, up 0.56%p from year-end 2018 and well beyond the BIS requirements. The uptick in the capital ratio was mainly due to an increase in shareholders' equity exceeding a rise in risk-weighted assets.

Table 7. BIS Capital Ratio, June 2019*

	(In billions of KRW, percentage)		
	Jun 2018	Dec 2018	Jun 2019
Shareholders' equity	7,724.1	8,242.8	8,842.2
Risk-weighted assets	53,319.6	57,540.3	59,403.0
BIS ratio	14.49	14.33	14.89

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